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Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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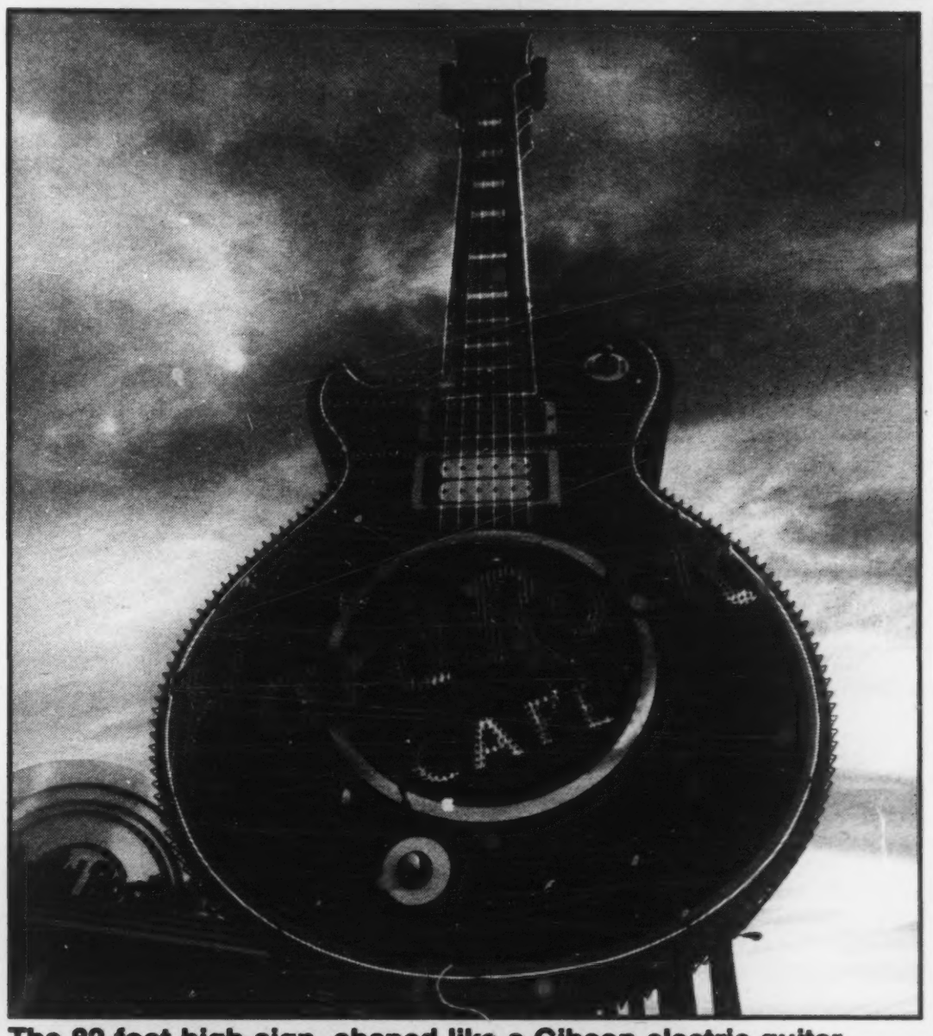


The 82-foot-high sign, shaped like a Gibson electric guitar, which is displayed in front of the Hard Rock Cafe in Las Vegas.

Foodservice braces for civil rights fracas

All eyes are on the Senate as political firefight over landmark labor legislation comes to a head

by Peter Romeo

WASHINGTON — The foodservice industry is warily eyeing the political battle brewing in the Senate, where lawmakers are poised to consider legislation of critical importance to restaurants and other labor-intensive businesses.

The landmark civil-rights act, which is intended to curb job discrimination by letting workers seek hefty damages from suspected violators, has already been passed by the House of Representatives. But the measure's Democratic proponents failed to draw enough votes to override a promised presidential veto.

"It was an embarrassing defeat for the Democratic leadership," said Pete Lunnie, leader of the Fair Employment Coalition, an alliance of 200 business groups opposing the civil-rights act.

"The $64,000 question right now is, What is the Senate going to do?" asked Mary Fulco of the U.S. Chamber of Commerce, another group that contested the bill.

Knowing that the House bill will be killed by Bush, the Senate is likely to seek a compromise that would be acceptable to the president.

"It's clear that some changes will have to be made," said Elaine Graham, a lobbyist for the National Restaurant Association. "Those guys would like to see some type of civil rights bill that they could support and that President Bush could sign."

"Congress is going to have to work very closely with the business community to come up with something acceptable,"

(See FOODSERVICE, page 4)

Morton bets $70M on Hard Rock hotel-casino unit

by Richard Martin

LAS VEGAS — Restaurateur Peter Morton, intent on rocking Nevada with a bankroll fat enough to launch "another 15 or 20" Hard Rock Cafes, is betting some $70 million that his chain's renown can be parlayed into a lodging and gaming jackpot of heavy-metal proportions.

Morton, co-founder of the 20-year-old HRC concept and principal owner of a $100 million-a-year chain of 11 Hard Rocks, said he plans to break ground at a 10-acre site here in September for the glitzy Hard Rock Hotel and Casino.

The 12-story, 326-room property — whose classical fa-

(See HARD ROCK, page 57)

Mandated health plan rattles industry nerves

by Peter Romeo

WASHINGTON — Stirring concerns within the foodservice industry, Democratic congressional leaders have vowed to push hard for legislation that would require employers to either provide all staffers with health insurance or pay a special tax.

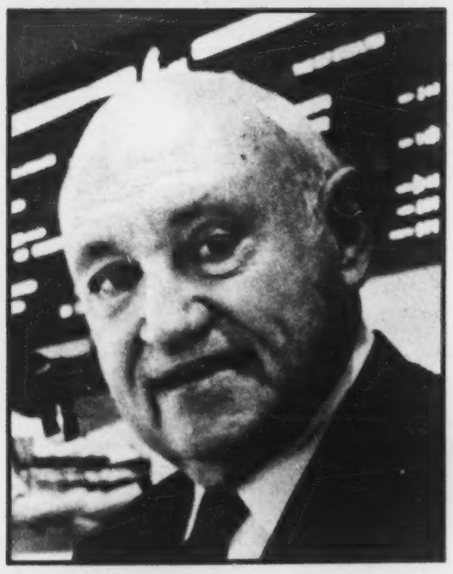
Industry officials say the lawmakers have little chance of putting a sweeping insurance mandate on the books. But they worry that the effort will muster support for some compromise that would nevertheless burden restaurateurs with additional labor expenses.

"Of any of the health-care measures coming out of Congress, this is going to be the vehicle that moves things along," said Pamela Sederholm, executive director of the National Council of Chain Restaurants, a trade association for foodservice chains. "It is the base, it is the foundation, for possible further activity."

"It's going to give [insurance-mandate proponents] one more thing to talk about," said Elaine Graham, a National Restaurant Association lobbyist on Capitol Hill. "And it's go-

(See HEALTH, page 56)

MUFSO Pioneer: Chick-fil-A founder Cathy



S. Truett Cathy

by Charles Bernstein

ATLANTA — S. Truett Cathy, who founded his first Chick-fil-A unit in a shopping mall here 24 years ago and has built it into the third-largest chicken chain after Kentucky Fried Chicken and Popeye's-Church's, has won Nation's Restaurant News' annual Multi-Unit Food Service Operators (MUFSO) Pioneer Award.

NRN's editors selected him for his career-long innovation and his dedication to solid operating principles while he built his $300 million chicken chain with 450 units in 31 states.

He will receive special recognition at NRN's annual MUFSO awards banquet in the Atlanta Marriott Marquis on Tuesday evening, Oct. 8. Details on the 32nd annual

MUFSO '91

MUFSO conference here Oct. 6-9 are available from MUFSO coordinator Coleen Harte at (212) 756-5199.

Cathy opened his first restaurant in 1946 as a suburban Atlanta diner, The Dwarf House. A few Dwarf Houses remain today, but the entire emphasis is on Chick-fil-A.

He originated the boneless breast of chicken sandwich and is considered a giant of the restaurant industry in the Southeast and elsewhere. A man of great personal and religious conviction, he has remained dedicated to his employees, continuing to keep his units closed on Sundays so that they can enjoy one day of rest and attend church if they so desire.

Cathy has won numerous

(See CATHY, page 57)

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Vol. 25, No. 24 June 17, 1991

NEWS BRIEFS

Civil rights act passed in NY

NEW YORK — While the federal government debates a watershed civil rights bill, New York is putting a localized version on the books.

The measure — one of the most ambitious anti-discrimination acts in the nation — has been approved by the City Council. Mayor David Dinkins is widely expected to sign the bill into law in early summer.

Patterned after the federal legislation currently before the Senate, the New York legislation would permit persons who feel they were the victims of job discrimination to seek up to $250,000 in damages from an offending business.

Like the Democrats' federal proposal, the New York initiative would require businesses to justify any hiring or promotional practice that tends to screen out demographic groups. Opponents have charged that the stipulation will force companies to use hiring quotas to protect themselves from lawsuits — a criticism also leveled at the national bill.

McD adds low-cal ice-cream float, chicken sandwich

OAK BROOK, Ill. — Encouraged by consumer acceptance of the McLean Deluxe, McDonald's has added two more low-calorie items as limited-time promotional products: a 90-calorie Diet Coke Float and a 275-calorie Tex-Mex styled grilled chicken sandwich.

Both are priced at $1.39 and will not be offered systemwide.

The new items appeared days after shareholders were told at their annual meeting to expect a new Tex-Mex product.

Called the Faj-rito, the grilled chicken sandwich includes bell peppers, onions, tomatoes and fajita sauce in a whole-wheat tortilla.

Puck opens pizza counter in Macy's unit

SAN FRANCISCO — Wolfgang Puck Food Co., the frozen foods manufacturing company chaired and partly owned by celebrity chef Wolfgang Puck of Spago, is opening a hot and frozen pizza counter at the Macy's department store here.

"This is a prototype," Selwyn Joffe, president of the Culver City, Calif.-based company, said of the San Francisco unit, which will be called Wolfgang Puck's California Pizza.

Joffe said the pizza counter will open later this month in The Cellar, a housewares, dry goods, deli, wine and prepared foods department at the Macy's off Union Square. In addition to freshly made and baked 12-inch pizzas ($9) and slices ($2.50), the counter will sell the company's Wolfgang Puck cook-at-home frozen pizzas, along with soft drinks, espresso, cappucino and a specialty salad, he said.

Citrus' Richard launching Citronelle in Santa Barbara

SANTA BARBARA, Calif. — Chef-owner Michel Richard of Los Angeles' acclaimed Citrus restaurant has targeted a July 15 debut for the 150-seat Citronelle, part of a $2.5 million refurbishment of the 71-room Santa Barbara Inn hotel here.

Richard, as executive consulting chef for the oceanfront property's managing partner, LCP Hotels of Washington, D.C., has engaged chef Tony Pels, a 3-year veteran of Citrus, to oversee the restaurant's kitchen. Citronelle will serve such Citrus signatures as crab coleslaw and seared scallops with Maui onion rings, said Richard, who intends to cook at the hotel each weekend.

He said per-person tabs would run $12 to $15 at lunch and $35 to $40 at dinner, about 25 percent lower than at Citrus.

Mary Mac's plans sale of Tea Room

ATLANTA — Mary Mac's Ltd., a 28-year-old Southern-style family operation, is negotiating to sell its legendary Midtown concept, Mary Mac's Tea Room.

The 375-seat destination, famous for fried chicken, turnip greens, niblet corn and hot cobbler, is still averaging 1,000 weekday lunch and dinner covers despite shifting neighborhood demographics and encroaching competition, claims Andy Lupo, vice president and general manager.

But Mary Mac's battles runaway costs because of the operator's insistence on home-cooked fresh food and traditional table service, Lupo says. Catering, which makes up one-eighth of sales, is preserving the bottom line, he adds.

St. Paul's Dakota closes following Ch. 7 filing

ST. PAUL, Minn. — The Dakota Bar & Grill, a trendy restaurant and jazz club that made a name for itself for serving innovative contemporary cuisine as well as for attracting big-name jazz artists, has closed.

The business, which had been in Chapter 11 for several years, now is in Chapter 7, after attempts to secure a combination of new public and private financing fell through. Owner Lowell Pickett could not be reached for comment.

Local restaurant reviewer Peter Lilienthal blamed the closing of the Dakota and the earlier closing of Filbert's restaurant on their locations in the remote Bandana Square shopping mall. The nearby Northland Inn hotel, experiencing low occupancies, recently filed Chapter 11.

Atlanta politicians waver on rewrite of airport contract

ATLANTA — A proposed rewrite of the $37.5 million food service contract at Hartsfield International Airport, which would forgive $115 million in unpaid concession rents and nullify a 10-year-old "prime concessionaire" arrangement, is losing the support of politicians whose votes are needed to make it happen.

Like most cities that are suffering financially, Atlanta claims it can't afford to write off needed revenues. Yet airport concessionaires are saying the demise of Eastern Airlines plus the slowdown in air travel have cut their sales and they are asking for relief.

The key players figuring to benefit from the contract rewrite are Dobbs-Paschal Midfield Corp. (a joint venture of Memphis, Tenn.-based Dobbs Houses, Inc. and Paschal's Concessions), and Air Terminal Enterprises (another joint-venture, represented by Marriott Corp. and The Thacker Organization).

Lawsuit settlement eats Max & Erma's quarterly profits

COLUMBUS, Ohio — Max & Erma's said a $165,000 out-of-court settlement of a dram shop liability lawsuit wiped out nearly 75 percent of its pre-tax earnings for the second quarter ended May 12.

Net income fell 83 percent to $28,000 while revenues rose 21 percent to $8.4 million for the period.

The dram shop suit arose from a fatal accident in 1987. The victim's estate later sued the company when it was discovered that the man who caused the tragedy had been drinking in a Max & Erma's restaurant before the collision.

Chicken A-Peel names 3 to expand executive team

ST. LOUIS — Al Genovese, founder and president of five-year-old Chicken A-Peel, a six-unit skinless fried chicken chain based here, has named three people to executive positions with his growing franchising company.

Kim O. Andereck, formerly president of Can-American Franchise Corp., Bloomfield Hills, Minn., which sold franchises for the Toronto-based O'Toole's casual restaurant chain before that group halted U.S. expansion, was appointed consulting senior vice president. Andereck, who was senior vice president at Magic Pan Restaurants in San Francisco from 1985 to 1988, will help Genovese establish a corporate infrastructure.

Named by Genovese to be Chicken A-Peel's new St. Louis regional manager was Lou DiGiacomo, a one-time Burger King franchisee in St. Louis, who previously worked for Greyhound Food Services, now Restaura Inc., and Kentucky Fried Chicken.

John Ruth, a University of Oklahoma graduate who previously held management positions with Chick Fil-A, is Chicken A-Peel's new area supervisor, Genovese said.

FINANCIAL NEWS

Survey: Franchisees seek growth through acquisitions

by Peter Romeo

PHOENIX—Fierce competition and contracting margins are pressuring many restaurant franchisees to seek greater profits through acquisitions, generating new opportunities and concerns for savvy foodservice investors, a new survey suggests.

The poll of 909 licensees revealed that 65 percent of the respondents are thinking of boosting revenues and profit margins through the purchase of units. More than half said they were interested in buying concepts from outside their current market niche.

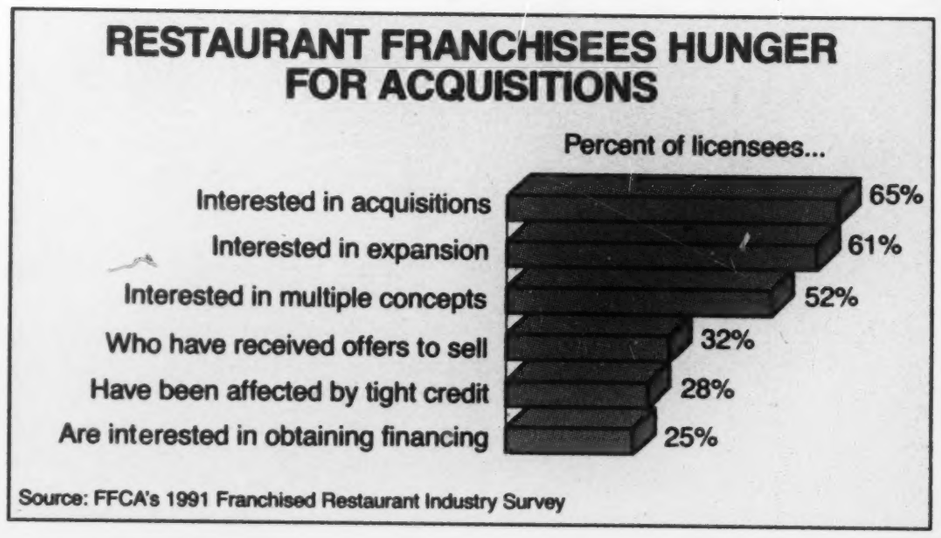
"The expansion trend appears to be an outgrowth of tighter industry margins and increased competition," reads a report based on the survey, which was conducted by FFCA Institutional Advisors Inc., a restaurant financing company that is based here. "Tighter margins mandate larger operator size in order to maintain earnings levels and increase operating efficiency."

The upshot, explained Christopher Volk, FFCA's vice president and director of research, will be an increase in the number of publicly held restaurant companies. The quest for acquisitions will lead large franchises to seek funding in part through stock issues, he explained.

"That's something we're very likely to see," Volk commented.

At the same time, he said, consolidation of the franchise community will raise new considerations for investors who specialize in restaurant stocks.

"Investors buying stock in a restaurant franchise company will have to pay attention not just to the strength of the concept but [also to] the franchisee mix, because these larger franchisees will be exerting greater influence," he said.



"As franchisees become larger and larger, they will exert greater influence over the marketing and the menu of the franchised concept," Volk explained. "Because of their size, they can branch out of just operational skills to do some forward thinking about the marketing aspects of the business."

He noted that one of FFCA's clients, a large franchisee of a major fast-food chain, has already ventured into the traditional domain of franchisors by opening a test kitchen. Few restaurant franchises are large enough to afford such an important marketing tool, leaving most franchisors with control over a chain's menu development.

An expansion of franchisees' strategic planning role can only help a chain, Volk asserted. In any textbook business-success story, he said, ideas and directional input flow upward from the persons who are closest to the customers.

In addition, he suggested, a consolidation of franchisees would lessen a chain's chances of being crippled by factional disputes. "Everyone would have the same focus," he said.

But, he acknowledged, franchisors could have a more difficult time in setting that focus.

Also, "if you're a franchisor, what are you going to do if your 200-unit franchisee is teetering?" Volk asked. "When you see a failure, it's going to be a larger failure."

And, he noted, "as companies get larger, there's always a management risk as they adjust to the size of the acquisition."

But consolidation of the franchisee community is an inevitability, Volk said.

"It has become more and more difficult — if not impossible — to make a good living from a single unit," he said.

Not only does the addition of new units raise an operation's revenues, but "the economies of scale become more attractive," yielding a better profit margin, he explained.

"People that are 'landlocked' by their current franchise are looking for something else — something that's not too far away but something that will give them room to grow," said Reid Sherard, FFCA's vice president of acquisitions.

(See SURVEY, page 55)

FOOD PRICE OUTLOOK

Lettuce prices easing; supplies steady

by Patt Patterson

In early June iceberg lettuce prices began to ease off from the highs of May. Although supplies remained steady, a drop-off in demand seemed to be pushing the price down. There should be continued adequate supplies of iceberg from the West Coast throughout the summer with prices normal.

At the same time most leaf lettuce was a bargain, with low prices holding on green leaf, red leaf and Boston heads. Romaine, however, was exceeding iceberg prices on strong demand.

Canned tuna is in good supply this year, with increased imports and prices steady . . . Prices for frozen cod blocks and slabs, raw material for portions and sticks, have slacked off somewhat although stocks are still down . . . Frozen domestic catfish supplies are holding steady although imports of freshwater catfish are down. Expect some upward movement.

Frozen french fries are in good supply this year, with prices holding steady. There's a strong amount of small specialty cuts, Tater Tots, available at prices that range down to two-thirds of normal . . . There are strong supplies of frozen peaches, but prices are steady. . . Frozen apricot stocks are down from last year's, but prices have not risen in proportion.

The outlook for the canning tomato crop in California is strong despite the continued drought there. Most growers expect to produce crops in last year's range, which was larger than average . . . Even though imports of mushrooms are still down for foodservice sizes, prices remain steady as domestic packers maintain increased production.

Expect higher prices for ripe olives this year. Prospects for the new pack are down because of damage from California's Christmas freeze last year, and 1991 is an off year for the alternately bearing trees . . . Green olive imports are down overall; however, stuffed olive stocks, most of which come from Spain, are up about 10 percent over last year's with prices fairly stable.

FACT FILE

Who's pouring what in the restaurant world

Who's serving Coke?

McDonald's; Burger King; Domino's Pizza; Denny's; Druther's/Dairy Queen; Ground Round; Hardee's; Little Caesars Pizza; Pizza Inn; Wendy's

Who's serving Pepsi?

Pizza Hut*; Taco Bell*; Kentucky Fried Chicken*; Howard Johnson's; Marriott Corp.; Metromedia Steakhouses; National Amusements; Norwegian Cruise Lines; Sizzler International; Shakey's Pizza; Subway Sandwiches

* Owned by PepsiCo Inc.

Source: Beverage Digest

FINANCIAL DIGEST

Bob Evans boosts annual profits by 15%

COLUMBUS, Ohio — Tighter controls on operating expenses helped Bob Evans Farms post a 15-percent gain in annual profit, to $25 million, on an 11-percent rise in revenues, to $358.2 million, for the year ended April 26.

For the fourth quarter, profits grew at double the annual rate of increase, shooting up 30 percent, to $6 million. Revenues for the three-month period rose 9 percent, to $98.7 million.

The company said stores opened more than a year experienced strong sales gains. When those sales are compared with the corporation's efforts to contain expenses, profits grew.

During the quarter Bob Evans reported a $750,000 extraordinary gain from an insurance settlement stemming from a fire that nearly destroyed one of its sausage plants. The gain was not included in restaurant operating income.

Cracker Barrel's 3rd-Q net jumps 82%

LEBANON, Tenn. — Overcoming the pressures of the recession and some bad press, Cracker Barrel reported an 82-percent increase in third-quarter net income, to $5.3 million, on a 35-percent gain in revenues, to $73.7 million, for the period ended May 3.

The company's revenue growth came largely from new stores. Moreover, despite the slump in travel and leisure activities, Cracker Barrel's units — located mostly along Southeastern highways — continued to enjoy strong patronage from southern-bound travelers.

The company refused to provide any explanation for its gain in profits. For the nine months of the fiscal year, net income rose 55 percent, to $13.2 million, while revenues jumped 56 percent, to $208.5 million.

Some analysts initially suspected that Cracker Barrel's performance would be impacted by news reports of a policy of firing gay employees.

QSR lands worldwide rights to Miami Subs

FORT LAUDERDALE, Fla. — QSR Inc., franchisor and operator of the Miami Subs sandwich concept in Florida, and Miami Subs Corp., holder of worldwide franchise rights, have agreed to merge through a one-to-one stock swap that will leave MSC the surviving publicly held company.

Gus Boulis, chairman of QSR and sole owner of MSC, formed the latter company for the express purpose of acquiring the worldwide licensing rights to Miami Subs and then merging with QSR, which is a Miami Subs master franchisee.

In a registration statement, QSR reported that its shareholders will receive one issue of MSC stock for each QSR share.

Boulis owns all 4.2 million shares of MSC's common stock. When added to QSR's 11 million shares, the total number of shares outstanding after the deal will be 15.2 million issues, of which Boulis will retain 12.2 million.

QSR officials expect the merger to be completed by late summer. The company formed by the deal will trade under the stock symbol SUBS.

Traffic gains buoy Skyline Chili's sales

CINCINNATI — A rebound in customer visits helped advance Skyline Chili's second-quarter revenues by 13 percent, to $4.6 million, while profits improved 11 percent, to $152,000, for the period ended May 12.

The company attributed the gains to sales from its frozen supermarket line of products and a resurgence in restaurant traffic after a weak first quarter. Profits improved primarily on reduced corporate overhead and stabilized labor costs in company-operated stores.

For the six months of the year, net income rose 24 percent, to $291,000, while revenues climbed 3 percent, to $10.3 million.

NEWS

Love's rolls grill concept, eyes barbecue 'Express' unit

(Continued from page 18)
fin tuna salads, grilled loin-cut lamb chops and baked French onion soup in a crock.

Mesker said the debut of the prototype, the second company-owned restaurant in the 22-unit midscale chain, marks the first phase of an expansion program he devised for the new Tokyo-based owner of Love's. The development of a downscale, limited-service Love's Express barbecue prototype, expected to open late this year, would be the next step, Mesker added.

Last year the Japanese food-service conglomerate Kyotaru Co. Ltd. paid $3.2 million to buy Love's from entrepreneur Harry Shuster and add it to a string of other U.S. ventures. They include a major Arby's franchise, based in Los Angeles; the 54-unit Hungry Hunter/Mountain Jack's steak-house chains, based in San Diego; as well as the 50-unit Acapulco dinner-house chain in California, which Kyotaru acquired in its buyout of New York-based Restaurant Associates.

The 210-seat Love's Bar & Grill, a $1 million conversion of an acquired dinner house, has performed "exceedingly well" since its mid-May opening and has generated weekly sales averaging $33,000, Mesker said. He indicated that the new unit's sales volume runs about 45 percent higher than the chain's systemwide average. Older-style Love's restaurants — which run about 23 percent smaller than the 6,200-square-foot bar and grill — each currently gross an average of nearly $1.2 million a year.

Calling the bar and grill's performance "better than I'd hoped for," Mesker projected first-year sales in the $1.6 million-to-$2 million range and said Love's "will be in the market to do another one" by early next year, also as a company-owned development.

He said the restaurant generates about the same $10-to-$11.50 per-person check average as the older Love's restaurants but "maybe a little less at dinner because of all the grazing options" on the new menu.

The bar and grill's range of appetizers includes Cajun, Buffalo-style and barbecue chicken wings, nachos, quesadillas and chili dishes. The chili, which the menu describes as "made from a secret world's championship recipe given us by the International Chili Society," is a no-beans concoction — an exclusive to Love's — that calls for 5 pounds of meat to the gallon.

> The 210-seat Love's Bar & Grill has performed "exceedingly well" since its mid-May opening.

Mesker, a member of the chili society's advisory board, said Love's Bar & Grill is selling 6 to 8 gallons of the chili a day, by the cup ($3.25), bowl ($4.95, with cheese bread), and on fries or tortilla chips ($3.95).

Pizzas, billed as 8-inch appetizers for two or entrées for one, come in six varieties ($4.95-$6.95), including smoked sausage with jalapeño, spicy chicken and sausage, and smoked chicken with green onion. Nine kinds of pasta, including radiatore primavera, fettuccine Alfredo and penne with chicken and pesto, range from $5.95 to $7.95.

A catch of the day and permanent offerings of broiled tuna, swordfish, halibut and pesto shrimp skewers are priced from $11.45 to $14.25. Steaks, chops and prime rib items run $11.75 to $20.95, for a 20-ounce T-bone.

The lunch menu's daily "Blue Plate" special, ranging from "Phyllis Mae's Meat Loaf" on Monday to grilled liver and onions with bacon on Friday, is $4.95.

Among the menu's barbecue items and combinations are the chain's three signature flavors of baby back ribs, two flavors of barbecued chicken and a beef-rib dish. However, "we have slimmed down the variety of plating combos," to fit barbecue into a seven-item menu department at lunch and a nine-item variety at dinner, Mesker said.

The leatherette-bound "grill-style" menus also include a full page of bar items, featuring brand-name well liquors, nine kinds of beer and a 10-label wine list of California vintages ($11-$20), including six by the glass ($3-$4).

While a cautious Mesker said he "would be very careful" about ever offering single-unit franchises of the more costly and complex Love's Bar & Grill concept, it might someday be rolled out to professional investment groups.

However, the Love's Express concept, which the company has been plotting for several years, is at last being targeted for near-term development — made possible by Kyotaru's backing — as the Laguna Hills chain's sole franchising vehicle.

Mesker, who is currently evaluating three prospective Express-unit sites in Southern California, said the 3,000-to-3,500-square-foot restaurants are being geared to open at a cost of under $300,000 for freestanding build-to-suits or under $400,000 for in-line end-caps.

Annual sales potential is pegged at between $750,000 and $1 million, and check averages of the limited-table-service, barbecue-specialty format are expected to run $5.50 to $6 at lunch and $7 to $9 at dinner.

Customers of Love's Express would order and pay at a counter. Servers would deliver orders to the tables and provide full dessert service and beverage refills.

The Love's Bar & Grill prototype in Huntington Beach, Calif., features art-deco architecture and a trendier menu.

The first Love's Express outlet could open by November, said Mesker, who has headed the chain since 1985 and was also its president from 1973 to 1979, when it was owned by IHOP Corp.

Meanwhile, the Love's chain is preparing to launch a television advertising pitch for a $4.49 baby-back-rib-and-chicken lunch next month, following campaigns in March for the $7.99 "rib tickler" dinner and last month's $7.99 "purely prime" prime rib dinner. Mesker said his chain's customer traffic and sales have been running about even with last year's results.

Ice machines: How to get the best out of them

(Continued from page 38)
70 degrees. Do you have those ideal conditions all year?

A more realistic situation is that your summer water temperature in the kitchen will be nearer 70 degrees, and the air temperature in that kitchen could be 90 degrees. The machine will produce only 480 pounds of ice under those conditions — 13 percent less than its rated capacity.

Let's look at that 550-pound rated machine. If you use the ice steadily throughout the 24 hours, you'll generate about 23 pounds per hour. If you don't use it steadily, the ice may build up if your storage bin is too small. That will automatically cut off the machine until ice in the bin is used, so you'll not be getting the machine's full production.

Let's say you'll need about 75 pounds to load a salad bar just before lunch. In summer you'll use about 65 pounds an hour for beverages over the three-hour lunch period. Already you have a demand of 270 pounds, half of the machine's daily capacity for just four hours.

During the four hours, the machine, if it runs at capacity, would turn out only 92 pounds of ice. That's why ice machines have storage bins. The ice made earlier, when there's little or no demand, will be stored in the insulated bins for use at the peak periods.

Be sure you have enough storage capacity to get the full production from your ice machine. One operator says his rule is to get a machine with ice storage bins that will hold his entire day's use. That way the machine can fill up the bins during the slack periods, especially overnight, when the operation is closed.

There's little danger of running out this way, since the machine will continue to replace at least part of the ice used during the peaks.

There are others, including some ice machine manufacturers, who say that much storage capacity is overkill. They say an average operation needs only as much storage space as the total of all of its peak period uses. In some cases such peak demand and total capacity may be very close. In that situation there is little expansion capability with the planned machine.

If you anticipate your volume will increase, you should consider space for adding a second machine when the first has reached its useful capacity, usually about 85 percent to 90 percent of its rated capacity, depending upon the efficiency of the machine.

Today's ice machines are more efficient than earlier models, and they are able to produce more ice under adverse conditions but there's still a drop from rated capacities when water and air temperatures rise, especially in the summer. However, a combination of suitable environment, a machine that's properly sized for your operation and adequate storage bins should give you good results and low maintenance costs.

Survey: Franchisees seek growth through acquisitions

(Continued from page 14)
"That's the common thread; other than that, the things people [want to buy] run the gamut."

"They'd like to stay within their sector but with other types of operations," Volk said. "A hamburger franchise may not want to acquire other hamburger stores, but they may want [quick-service] chicken restaurants."

The FFCA survey revealed that larger franchises are more likely than smaller operations to seek acquisitions. Seventy percent of respondents with five or more stores said they were interested in acquisitions. In contrast, a willingness to purchase units was expressed by only 62 percent of respondents owning no more than four outlets.

Dinner-house operators were the most likely to express an interest in acquisitions, with 88 percent identifying themselves as shoppers. They were followed by franchisees of seafood concepts (88 percent), pizza chains (81 percent), hamburger places (71 percent), Mexican restaurants (73 percent) and family restaurants (70 percent).

The 909 respondents in FFCA's survey operate a total of 12,421 restaurants.

FFCA provides financing and serves as landlord to a wide array of restaurants.